(b) if so, the details thereof; and

(c) the steps taken/proposed to be taken for recovery of this amount?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No instance of tax evasion amounting more than Rs. 20 crore by multinational companies with the connivance of Government officials has come to the notice of the Income Tax Department.

(b) and (c) Not applicable, in view of reply to part (a) above.

Service tax on inhouse catering

2178. SHRI RAJNATH SINGH: Will the Minister of FINANCE be pleased to state:

(a) whether companies who are providing inhouse catering and food to their staff within the company premises/offices through a catering contractor are being charged both the service tax and VAT;

(b) whether Government are aware that this tax component works out to be around 22 per cent in States like Haryana making it extremely difficult for companies to provide food to their staff; and

(c) whether Government propose to exempt such inhouse catering facilities from these plethora of taxes?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) to (c) As per provisions of clause 29A of Article 366 of the Constitution of India, the definition of 'tax on the sale of purchase of goods' includes 'a tax on the supply, by way of or as part of any service or in any other manner whatsoever, of goods, being food or any other article for human consumption or any drink (whether or not intoxicating), where such supply or service, is for cash deferred payment or other valuable consideration'. Thus, the supplies by catering contractor are liable to sales tax/State VAT, as long as these constitute sale in terms of definition mentioned above. The Empowered Committee of State Finance Ministers (EC) has decided that the rate of tax under VAT on such supplies shall be 12.5%. Accordingly, most of the States are levying 12.5% VAT, although some States have also introduced

composition schemes, charging tax at lower rates, but without giving Input Tax Credit (ITC). In Haryana also, VAT is being charge @12.5%. Regarding levy of Service Tax, it is stated that providing of any service by an "outdoor caterer", *i.e.*, a caterer providing service outside his own place, is a taxable service, leviable to Service Tax @10% of the gross amount charged. In addition, education cess @2% of Service Tax is payable. However, when the outdoor caterer also provides food along with service, 50% of the gross amount charged is exempted from levy of service tax. At present, there is no proposal under consideration for exemption of the above taxes.

Transition to single tax rate regime

2179. SHRI R.P. GOENKA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that recently some fresh initiatives have been taken to move towards aligning the Goods and Services Tax (GST) with a single rate, in view of the growing globalization of the economy; and

(b) if so, the details thereof and the road map drawn for transition to the single rate regime?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Presently, an integrated Goods and Services Tax (GST) does not exist in India. As per the provisions of the Constitution, the Central Government is empowered to levy tax on manufacture of goods (CENVAT), whereas the State Governments have the powers to levy tax on purchase or sale of goods within a State (State Sales Tax/VAT). Tax on inter-State sale of goods is levied by the Central Government in the form of Central Sales Tax (CST), but the same is collected and appropriated by the States concerned. Tax on Services is levied and collected by the Central Government, but the same is shared with the States, except for few specified services for which the States have powers to levy tax. Over last few years, both the Central as well as State Governments have been making efforts to reduce the number of tax rates in respect of taxes under their respective domain, as part of the tax reform process. However, integration of all the Central and States taxes into a single GST would require a Constitutional